

## **AEROSPACE: SWISS SUPPLIERS DO NOT FEEL THE CRISIS AS MUCH**

Sandor Galambos

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Summary: In addition to Pilatus Aircraft Ltd., the country's singular aircraft manufacturer, Switzerland's supplier list catering to the aerospace industry on the domestic market and abroad comprises approximately two dozen enterprises. These small to mid-sized players, most of whom have risen to prominence within the industry due to their highly specialized niche products, have not been affected much by the global slump in the aerospace industry as of yet. Combined yearly revenues these companies generated in 2000 amount to approximately Sfr. 500 million (\$ 301 million), a level likely to be equalled in 2001. If at all, losses could potentially be recorded in 2002. Analysts in the aerospace industry concede that cycles come in different shapes and sizes, and the much-anticipated rebound is unlikely to mirror the economic boom of the 1990s. Inventories, which ballooned in 2000, are falling rapidly, laying the foundations for a pickup in industrial production, including the battered aerospace industry. End Summary.

One of the key players on the Swiss market is the Alu Menziken, whose product line includes aluminium pipes and profiles for civil aircraft. The Alu Menziken Holding, whose overall revenue is valued at Sfr. 400 million (\$ 240 million), supplies the world's two largest wide-body aircraft makers Boeing and Airbus Industries, Embraer, Bombardier and Cessna. Although no orders have been canceled to date, company officials expect the crisis to cast its shadow on its operations in the months to come. It is widely expected within the company that the business cycle will return with a vengeance. After a record year in 2000 with the ordering books full, the company was bracing for a shrinkage of orders even before the aerospace industry began to weaken as a result of the September 11 terrorist attack on the United States. Since the United States, a key market for Alu Menziken, has been severely affected by the global economic downturn, a precipitous decline from this part of the world is widely expected.

Analogous to Alu Menziken's market outlook, Lantal Textiles headquartered in Langenthal is bracing for a sharp contraction in production from its manufacturing plant located in Rural Hall, NC. Industrial capacity in the United States has already been trimmed. Business sentiment in Switzerland though, where some 330

individuals are employed, presents itself not to be as bleak, although company officials are bracing for tougher times in 2002. As demand is unlikely to recover strongly enough to get the plant running at full capacity, the company will be unable to increase its profits as much as it did during profitable years. The manufacturer of textiles (e.g. curtains, carpets and seat covers for aircraft and automobiles) does not view the present situation quite as grim due to its broad-based clientele, numbering over 250 air carriers. The lion's share of its output (60 percent) accounts for textiles, while almost 30 percent accounts for carpets. Even after the September 11 terrorist attack, orders have been placed.

Ruag Aerospace, part of the Ruag Suisse company, is taking a more cautious approach. Lower demand at Boeing and its rival Airbus has impinged negatively upon Ruag's overall business operations. Being a supplier for the two largest airplane makers generates approximately Sfr. 24 million (\$ 14 million) a year. The Ruag company pins its hopes upon increased demand in the defense sector in the event orders stemming from the civil aviation industry continue to dwindle. Ruag's core activities encompass the development, production and assembly of structural components, systems integration and services for aircraft, helicopters, and systems that stem from military and civilian aeronautics and space technology. Its customer base includes the US-Navy. It also manufactures replacement and spare parts for the F/A-18.

The management of Jean Gallay SA, producing special components for aircraft turbines as well as precision parts for airplanes, is very concerned about the problems shrouding the global civil aviation market. The engine manufacturer Rolls-Royce is one of Jean Gallay's valued customers. Jean Gallay hopes to be able to make up the loss stemming from the civil aviation industry with an increased demand in the fighter jets.

The Swiss aerospace industry, which is heavily reliant upon exports, is likely to experience a slowdown in growth. This is in line with growth projections of the Swiss overall economy, which nearly came to a halt in the third quarters, government data showed, raising the risk of recession. The data showed that growth slowed in the period as a worldwide drop in activity weighed on the Swiss overall economy and exporters suffered from a strong Swiss franc that made their products more expensive abroad.

This market research report was submitted by:

Zurich America Center

U.S. Commercial Service  
Dufourstrasse 101  
8008 Zurich, Switzerland  
Tel: 41-1-422-2372  
Fax: 41-1-382-2655  
E-mail: [Sandor.Galambos@mail.doc.gov](mailto:Sandor.Galambos@mail.doc.gov)  
Contact: Mr. Sandor Galambos

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#### IMI Customer Satisfaction Survey

U.S. Department of Commerce  
International Trade Administration  
The Commercial Service

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The U.S. Department of Commerce would appreciate input from U.S. businesses that have used this IMI report in conducting export market research. Please review the privacy statement / disclaimers at the bottom of this Web site. Please take a few moments to complete the attached survey and fax it to 202/482-0973, mail it to QAS, Rm. 2002, U.S. Department of Commerce, Washington, D.C. 20230, or Email: Internet[Robert.Opfer@mail.doc.gov].  
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#### \* \* \* About Our Service \* \* \*

1. Country covered by report: \_\_\_\_\_

Industry/title: \_\_\_\_\_

Commerce domestic office that assisted you (if applicable):

2. How did you find out about the IMI service?

- ☐ Direct mail
- ☐ Recommended by another firm
- ☐ Recommended by Commerce staff
- ☐ Trade/state/private newsletter
- ☐ Department of Commerce newsletter
- ☐ Other (specify): \_\_\_\_\_

3. Please indicate the extent to which your objectives were satisfied:

- 1-Very satisfied
- 2-Satisfied
- 3-Neither satisfied nor dissatisfied
- 4-Dissatisfied
- 5-Very dissatisfied
- 6-Not applicable

- ☐ Overall objectives
- ☐ Accuracy of information
- ☐ Completeness of information
- ☐ Clarity of information
- ☐ Relevance of information
- ☐ Follow-up by Commerce representative

4. In your opinion, did using the IMI service facilitate any of the following?

- ☐ Decided to enter or increase presence in market
- ☐ Developed an export marketing plan
- ☐ Added to knowledge of country/industry
- ☐ Corroborated market data from other sources
- ☐ Decided to bypass or reduce presence in market
- ☐ Other (specify): \_\_\_\_\_

5. How likely would you be to use the IMI service again?

- ☐ Definitely would
- ☐ Probably would
- ☐ Unsure
- ☐ Probably would not
- ☐ Definitely would not

6. Comments:

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\* \* \* About Your Firm \* \* \*

1. Number of employees: ☐ 1-99 ☐ 100-249 ☐ 250-499  
☐ 500-999 ☐ 1,000+

2. Location (abbreviation of your state only): \_\_\_\_\_

3. Business activity (check one):

- ☐ Manufacturing
- ☐ Service
- ☐ Agent, broker, manufacturer's representative
- ☐ Export management or trading company
- ☐ Other (specify): \_\_\_\_\_

4. Value of export shipments over the past 12 months:

- ☐ Less than \$10K
- ☐ \$11K-\$100K
- ☐ \$101K-\$500K
- ☐ \$501K-\$999K
- ☐ \$1M-\$5M
- ☐ More than \$5M

May we call you about your experience with the IMI service?

Contact name: \_\_\_\_\_

Phone: \_\_\_\_\_

Fax number: \_\_\_\_\_  
Email: \_\_\_\_\_

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Thank you--we value your input!  
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